

LYNCHBURG CITY COUNCIL REPORT

Meeting Date: February 12, 2002 Council Report # 6
Contact: Bruce McNabb (847-1362 Ext. 268) Report Writer: Dave Owen (847-1807 Ext. 22)

Subject: Refuse Collection and Recycling Gainsharing Program for FY 2001

Purposes of Action:

- To appropriate seventy (70) percent of the verified savings from the FY 2001 refuse collection and recycling contracts totaling \$48,188 (Refuse Collection - \$21,255, Recycling - \$26,933) from the Solid Waste Management Operating Fund Undesignated Fund Balance to the Reserves for the Refuse Collection and Recycling Gainsharing Programs.
- To appropriate the remaining thirty (30) percent of the verified savings from the FY 2001 refuse collection and recycling contracts totaling \$20,652 (Refuse Collection - \$9,109, Recycling - \$11,543) from the Solid Waste Management Operating Fund Undesignated Fund Balance to the FY 2002 refuse collection and recycling operating budgets for employee compensation.

Requested Action: Approval of the resolution

Funding:	<u>Source</u>	<u>One-time</u>	<u>Totals</u>
	<u>Local*</u>	<u>\$68,840</u>	<u>\$68,840</u>
	Totals	\$68,840	\$68,840

Funding: \$68,840 from the Undesignated Solid Waste Management Operating Fund Balance

Prior Action: January 9, 2002: Finance and Planning Committee Meeting

Attachments: Department of Financial Services Verification Report

Resolution/Ordinance:

BE IT RESOLVED That \$48,188 (\$21,255 to the Reserve for Refuse Gainsharing and \$26,933 to the Reserve for Recycling Gainsharing) is appropriated from the Solid Waste Management Operating Fund Undesignated Fund Balance in accordance with the allocation of fiscal year budgetary savings provided for in the refuse collection and recycling gainsharing contracts; and

BE IT FURTHER RESOLVED That \$20,652 (\$9,109 for Refuse Collections and \$11,543 for Recycling) operating budget is appropriated from the Solid Waste Management Operating Fund Undesignated Fund Balance to the FY 2002 operating budget for employee compensation earned during FY 2001).

Introduced:

Adopted:

Certified: _____
Clerk of Council

028L

Other Information: Upon completion of the recycling bid process in 1996, it was determined by City Council that the Department of Public Works (Public Works) could provide those services at the lowest overall cost. Subsequently, City Council adopted resolutions to authorize the City Manager to execute Memorandums of Understandings with Public Works to provide refuse and recycling services.

The Memorandums of Understandings provide that at the end of each contract year, the actual cost for the service will be compared to the bid price. These costs have to be calculated and verified by either the Department of Financial Services or an independent certified public accounting firm. For the FY 2001 contract year, this verification was prepared by the Department of Financial Services at cost savings of \$12,000. The contract further provides that in the event that the actual expenses are less than the bid amount, thirty (30) percent of the savings will be paid to the employees as a year-end bonus. The remaining seventy (70) percent of savings will be placed in an escrow account by Financial Services to be applied against any cost overruns in subsequent years. Any funds at the end of the contract will be divided equally between the City and the refuse collection and recycling employees. The fifty- (50) percent employee share will be distributed as a year-end bonus on the same basis as the annual bonus.

Attached is a report by the Department of Financial Services that verifies the costs for refuse collection and recycling services for FY 2001. The savings for this period were \$68,840.



The City of Lynchburg, Virginia

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DEPARTMENT OF FINANCE

December 7, 2001

Mr. Bruce McNabb
Public Works Director
City of Lynchburg
900 Church Street
Lynchburg, VA 24505

Dear Mr. McNabb:

Attached are worksheets that calculate the amount of money available for gain sharing payments to the City's refuse collection and recycling workers applicable for FY 2001. As shown on the worksheets, the amount available for refuse collection gainsharing is \$30,364.00, and the amount available for recycling gainsharing is \$38,476.00. In accordance with the Memorandum of Understanding between City Council and the Department of Public Works, 30% of this amount is to be paid to the refuse collection and recycling employees respectively, and the remainder is to be placed in escrow until the end of the contract period.

Please review the worksheets and call me if you have any questions or need additional information.

Sincerely,

Robin M. Mamola

Robin M. Mamola
Accountant III

cc: M. Hill
D. Owen
F. West



GOVERNMENT FINANCE
OFFICERS ASSOCIATION

**City of Lynchburg Recycling Contract
Gainsharing Profit/Loss Statement
July 1, 2000 - June 30, 2001**

Revenue Billed to City:

¹ Maintenance (\$60.50 per mo. per bin)	\$35,574
² Pulls (\$80.16 per pull)	\$212,264
Less Liquidated Damages (fines)	<u>\$0</u>
 Total Revenue	 <u>\$247,838</u>

Expenses:

	Actual
Salaries	\$66,320
Fringe Benefits	21,041
Supplies/Materials	1,117
Utilities	2,137
Contractual Services	3,992
Gasoline/Fuel	8,965
Internal Services	23,813
Training/Meetings	0
Depreciation	50,744
Overhead	24,474
Workers Compensation	6,236
Miscellaneous (mileage, dues & memberships, petty cas	258
Plus Borrowed Equipment	<u>265</u>
 Total Actual Expenses	 <u>\$209,362</u>

Gainsharing Profit/Loss	<u>\$38,476</u>
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¹ (YTD 588 containers, @\$60.50 per mo. per bin)

² (YTD 2,648 total pulls @\$80.16 per pull)

**City of Lynchburg Refuse Contract
Gainsharing Profit/Loss Statement
July 1, 2000 - June 30, 2001**

Revenue Billed to City:

Tag Equivalents	\$917,527
Less Liquidated Damages (fines)	<u>(\$500)</u>
Total Revenue	<u>\$917,027</u>

Expenses:

	Actual
Salaries	\$316,993
Fringe Benefits	85,108
Supplies/Materials	10,291
Utilities	9,030
Contractual Services	45,785
Gasoline/Fuel	23,520
Internal Services	152,239
Training/Meetings	760
Depreciation	105,814
Overhead	116,064
Workers Compensation	17,877
Miscellaneous (supplies, advertising, replacement trash cans)	689
Building and Grounds Maintenance	<u>2,493</u>

Total Actual Expenses \$886,663

Gainsharing Profit/Loss \$30,364